

PERSON/UNIT NOTIFIED

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STAT

O R 281725Z SEP 77

FM AMEMBASSY PANAMA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 388

INFO RULPALJ/PANCANAL

RULPALJ/USCINCSO

BT

UNCLAS PANAMA 7014

FOR ARA/PAN - AMBASSADOR JORDEN AND KEITH GUTHRIE

E.O. 11652: N/A

TAGS: PBOR, PN

SUBJECT: ESCOBAR ON CANAL, PANAMA'S OBLIGATION TO KEEP CANAL  
OPEN PERMANENTLY

1. THE FOLLOWING IS AN EXCERPT OF THE SPEECH MADE BY NEGOTIATOR  
ESCOBAR AUGUST 20 BEFORE THE NATIONAL ASSEMBLY.

2. PANAMA "COULD NOT PROMISE TO MAINTAIN THE CANAL PERMANENTLY  
OPEN FOR THREE REASONS: FOR NATURAL CAUSES, WE EXPLAINED TO  
THEM THAT THERE COULD BE AN EARTHQUAKE, FOR EXAMPLE, WHICH  
WOULD CLOSE THE CANAL AND PANAMA COULD NOT BE OBLIGATED TO  
MAINTAIN IT OPEN. WE EXPLAINED THAT THERE COULD BE TEMPORARY  
CAUSES--THERE COULD BE LANDSLIDES AND IT WOULD BE NECESSARY  
TO CLOSE IT TO REPAIR THOSE LANDSLIDES. AND THIRD, IT  
COULD HAPPEN THAT THE CANAL WOULD NOT BE PROFITABLE FOR  
PANAMA AND THAT PANAMA COULD NOT HAVE THE OBLIGATION OF  
KEEPING OPEN A CANAL WHICH DID NOT MAKE ANY MONEY. THEY  
ACCEPTED THE FIRST TWO POINTS, NATURAL CAUSES AND TEMPORARY  
CAUSES, BUT DID NOT ACCEPT THE THIRD CAUSE, LACK OF  
PROFITABILITY. THAT ALSO HELD UP THE NEGOTIATIONS  
FOR A LONG TIME.

3. "THEY SAID THAT IN CASE IT WERE NOT PROFITABLE  
PANAMA COULD GET MONEY FROM THE UNITED STATES TO KEEP  
IT OPEN--OR FROM THE OTHER USER COUNTRIES. WE TOLD  
THEM THAT WHEN THE TREATY WITH THE UNITED STATES ENDS,  
WE DID NOT WANT AN OBLIGATION, EITHER DIRECT OR INDIRECT,  
OF GOING TO THE UNITED STATES TO ASK FOR MONEY OR TO ANY  
OTHER COUNTRY, IN ORDER TO MAINTAIN THE CANAL OPEN.  
THE TWO COUNTRIES MAINTAINED THEIR POSITIONS FIRM UNTIL  
WE ARRIVED AT THE FOLLOWING AGREEMENT: THEY SAID, WE  
CANNOT PRESENT TO OUR CONGRESS AN ARTICLE WHICH SAYS  
THAT YOU CAN CLOSE THE CANAL BECAUSE OF LACK OF PRO-  
FITABILITY. AND WE TOLD THEM THAT WE COULD NOT PRESENT

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State Dept. review completed.

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| ACTION UNIT                 | I<br>N<br>F<br>O | RF. | FILE. | VR. | 1             |  | 4 |  |
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AN ARTICLE WHICH PERMANENTLY OBLIGED US TO MAINTAIN OPEN A CANAL WHEN WE DID NOT KNOW IF THAT CANAL SOME DAY MIGHT NOT BE PROFITABLE. WE ARRIVED AT AN AGREEMENT TO ELIMINATE THE ARTICLE, SO THAT PANAMA GOT RID OF THAT OBLIGATION, THAT IS OF MAINTAINING THE CANAL PERMANENTLY OPEN. THE NEGOTIATIONS THEN CONTINUED EXCLUSIVELY ON THE PROBLEM OF NEUTRALITY."

4. THE ABOVE IS OUR TRANSLATION FROM "MATUTINO" OF AUGUST 20. EBIS/PANAMA HAS AGREED TO TRANSMIT TO WASHINGTON ALL OF THE PORTIONS OF THIS SPEECH WHICH WERE LEFT OUT OF THEIR EARLIER TRANSMISSION. GONZALEZ

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| <b>TRANSMITTAL SLIP</b>   |          | DATE<br>29/7/9 |
| TO: AC/DAD  |          |                |
| ROOM NO.  | BUILDING |                |
| REMARKS:<br>Note last graf.<br>Did Panama excerpt<br>originally?<br><br>BP<br>Yes, all<br>note attached<br>P.D. |          |                |
| FROM:   |          |                |
| ROOM NO.  | BUILDING | EXTENSION      |

FORM NO. 241

REPLACES FORM 36-8  
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| <b>TRANSMITTAL SLIP</b>   |                 | <b>TE</b>        | <b>6 OCT 1977</b> |
| <b>TO:</b> <span style="border: 1px solid black; padding: 2px;"> </span> E&PS   |                 |                  |                   |
| <b>ROOM NO.</b>   | <b>BUILDING</b> |                  |                   |
| <b>REMARKS:</b><br><br><div style="text-align: right; font-size: 2em; font-family: cursive;">H<br/>H</div> <div style="text-align: center; font-size: 2em; font-family: cursive;">for<br/>Trent</div> |                 |                  |                   |
| <b>FROM:</b> <i>A/</i> Chief, Daily Reporting Division  |                 |                  |                   |
| <b>ROOM NO.</b>   | <b>BUILDING</b> | <b>EXTENSION</b> |                   |

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